

**HURON INTERMEDIATE SCHOOL DISTRICT**  
Bad Axe, Michigan

Report on Financial Statements  
June 30, 2005

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October 25, 2005

## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Huron Intermediate School District  
Bad Axe, Michigan 48413

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Huron Intermediate School District, as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Huron Intermediate School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Huron Intermediate School District as of June 30, 2005 and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 25, 2005 on our consideration of Huron Intermediate School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

Board of Education  
Huron Intermediate School District  
October 25, 2005

The management's discussion and analysis and budgetary comparison information on pages i through vii and pages 23 through 25, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Huron Intermediate School District's basic financial statements. The combining and individual nonmajor fund financial statements and supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

**HURON INTERMEDIATE SCHOOL DISTRICT  
BAD AXE, MICHIGAN  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Huron Intermediate School District, located in Bad Axe, Michigan is one of 57 Intermediate School Districts in the State of Michigan and serves the 15 local public school districts and five non-public schools in Huron County. Huron ISD has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34) and is in its second year of reporting.

Generally accepted accounting principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

**FINANCIAL HIGHLIGHTS**

The overall condition of all funds, governmental activities and business-type activities, remains stable for Huron ISD. Financial goals have been met with consideration to the state's current economy with reductions in categorical state grant funds. Resources are available for the 2005-2006 fiscal year with revenue and expenditure patterns being maintained.

The assets of Huron Intermediate School District exceeded its liabilities at the close of fiscal year 2005 by \$8,206,525 (net assets). Of this amount, \$4,681,461 (unrestricted net assets) may be used to meet the District's ongoing obligations to students, taxpayers, and creditors.

The District's total net assets decreased by \$276,292.

As of the close of the current fiscal year, the district's governmental funds reported combined ending fund balances of \$5,072,296 an increase of \$34,908 in comparison with the prior year.

At the end of the current fiscal year, the aggregated fund balance for the District's operating funds (general fund, special education fund, and career and technical education fund) was \$4,899,701 or 44.62% of the total expenditures of these operating funds.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction of the district's basic financial statements. The district's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the district's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the district's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The *statement of activities* presents information showing how the district's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

Both of the government-wide financial statements display functions of the district that are principally supported by taxes and intergovernmental revenues (governmental activities). The activities of the district include instruction, support services, and transfers to locals and other services. The district has no business-type activities as of and for the year ended June 30, 2005.

The government-wide financial statements can be found on pages 1-2 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The district, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the district fall within the governmental fund type category.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spend-able resources, as well as on balances of spend-able resources available at the end of the fiscal year. Such information may be useful in evaluating the district's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the district's near-term financing decision. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The district maintains seven different government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, special education fund, and career and technical education fund, each of which are considered to be a major fund. Data from the other four government funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The district adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The governmental fund financial statements can be found on pages 3-4 and 6-7 of this report, with reconciliations between the two types of statements on pages 5 and 8.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-22 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary information for the district's major funds. Required supplementary information can be found on pages 23-25 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the supplementary information. Combining fund statements can be found on pages 26-27 of this report.

Our auditor has provided assurance in his independent auditor's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the auditor regarding the Required Supplementary Information and the Supplemental Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the financial section.

## Government-wide Financial Analysis

The school district's net assets were \$8,206,525 at June 30, 2005. Of this amount, \$4,681,461 was unrestricted. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the school district's ability to use those net assets for day-to-day operations.

As required by the Government Accounting Standards Board Statement No. 34, which requires this new reporting model, the following tables present a comparative analysis of government-wide data for the fiscal years ended June 30, 2005 and 2004, respectively.

### District's Net Assets

	<u>2005</u>	<u>2004</u>
Current assets	\$ 6,798,487	\$ 6,246,335
Non-current assets	\$ 3,904,652	\$ 4,169,533
<b>Total Assets</b>	<b>\$ 10,703,139</b>	<b>\$ 10,415,868</b>
Current liabilities	\$ 1,767,125	\$ 1,210,140
Non-current liabilities	\$ 729,489	\$ 722,911
<b>Total Liabilities</b>	<b>\$ 2,496,614</b>	<b>\$ 1,933,051</b>
Net Assets:		
Invested in capital assets, net of related debt	\$ 3,525,064	\$ 3,789,945
Unrestricted	\$ 4,681,461	\$ 4,692,872
<b>Total Net Assets</b>	<b>\$ 8,206,525</b>	<b>\$ 8,482,817</b>

At the end of the current fiscal year, the District was able to report positive balances in all three categories of net assets, both for the District as a whole, as well as for its separate governmental-type activities.



## District's Changes in Net Assets

### Governmental Activities

<b>REVENUE:</b>	<b><u>2005</u></b>	<b><u>2004</u></b>
Program Revenue:		
Charges for services	\$ 197,402	\$ 174,990
Operating grants	\$ 1,838,037	\$ 1,991,165
General Revenue:		
Property taxes, levied for general purposes	\$ 6,360,399	\$ 5,996,719
Investment earnings	\$ 108,043	\$ 28,516
State sources	\$ 2,251,953	\$ 2,399,579
Other	\$ 833,189	\$ 973,284
<b>Total Revenue</b>	<b>\$ 11,589,023</b>	<b>\$ 11,564,253</b>
<b>EXPENSES</b>		
Instruction	\$ 4,264,872	\$ 3,904,159
Supporting Services	\$ 5,887,492	\$ 5,744,754
Community Services	\$ 4,904	\$ 0
Transfers to other districts	\$ 1,413,056	\$ 1,340,650
Interest & fees on long-term debt	\$ 18,069	\$ 17,728
Unallocated depreciation	\$ 276,922	\$ 289,751
<b>Total Expenses</b>	<b>\$ 11,865,315</b>	<b>\$ 11,297,042</b>
Governmental Activities Increase(Decrease) In Net Assets	\$ (276,292)	\$ 267,211
Net Assets, Beginning of Year	\$ 8,482,817	\$ 8,215,606
Net Assets, End of Year	<b>\$ 8,206,525</b>	<b>\$ 8,482,817</b>

### Major Governmental Funds Budgeting and Operating Highlights

The School districts budgets are prepared according to Michigan Law. The most significant budgeted funds are the general fund, special education fund, and career and technical education fund.

During the fiscal year ended June 30, 2005, the school district amended the budgets of these major governmental funds two times.

**General Fund** - the general fund actual revenue was \$1,189,307. That amount is above the original budget estimates of \$1,156,030 and above the final budget amendment of \$1,217,569. The variance between the actual revenue, the original budget, and the final budget was the result of an increase in local and federal revenue sources.

The actual expenditures of the general fund were \$1,336,883, which is below the original budget of \$1,403,787 and below the final amendment budget of \$1,439,281. The variance was due unspent allocations in restricted state programs and federal grants, in addition to normal year-end variances.

General fund had total revenues of \$1,189,307 and total expenditures of \$1,336,883 with an ending fund balance of \$650,080.

**Special Education Fund-** the special education fund actual revenue was \$ 7.23 million. That amount is below the original budget of \$ 7.60 million and lower than the final amendment of \$7.48 million. The variance was mainly due to unspent federal funds, which will be carried forward to the 2005-06 fiscal year and the timing of the receipt of federal funds.

The actual expenditures of the special education fund were \$6.89 million, which is below the original budget of \$7.47 million and final amendment of \$ 7.20 million. The variance was the result of unspent federal grants, which will be carried forward to the 2005-06 fiscal year.

Special education fund had total revenue of \$ 7.23 million and total expenditures of \$6.89 million with an ending fund balance of \$3.56 million.

**Career and Technical Education Fund-** the career and technical education fund actual revenue was \$2.63 million. That amount is above the original budget of \$2.58 million and approximately equal to the final amendment of \$2.63 million. The variance was the result of the timing of receipts of revenues at the federal level.

The actual expenditures were \$2.75 million, which is above the original budget of \$2.69 million and below the final amendment of \$2.85 million. The variance is the result of normal year-end variances.

Technology education fund had total revenue of \$2.63 million and total expenditures of \$2.75 million with an ending fund balance of \$682,584.

### **Capital Asset and Debt Administration**

**Capital Assets** - at the end of fiscal year 2005, the district had \$ 7.191 million invested in land, buildings, office, instructional, and transportation equipment. Of this amount, \$3.287 million in depreciation has been taken over the years. The district has net capital assets of \$3.904 million. Total additions for the year were \$12,041. Total deletions were \$0.

**District's Capital Assets**  
**(Net of depreciation)**  
**June 30, 2005**

Land	\$ 80,000
Buildings and improvements	4,958,240
Furniture and fixtures	572,102
Machinery and equipment	1,581,610
<b>Subtotal-</b>	<b>\$ 7,191,952</b>
 Accumulated depreciation	 \$ 3,287,300
<b>Net capital Assets</b>	<b>\$ 3,904,652</b>

Additional information on the District's capital assets can be found on page 18 of this report.

**Long-term Debt**

At the end of the current fiscal year, the district had a total bonded debt outstanding of \$379,588. None of this balance is a general obligation of the district and does not constitute an indebtedness of the district within any constitutional or statutory limitation, and is payable solely from state aid payments from the State of Michigan.

**Economic Factors and Next Year's Budget**

The economy in the State of Michigan continues to be sluggish. This sluggish economy could affect funding for the 2005-06 school year, as a pro-ration of State Aid is possible. The original budget established for the 2005-06 school year assumed State Aid revenues based on the funding levels in the 2004-05 revenue stream.

**Requests for Information**

The financial report is designed to provide a general overview of the district's finances for all those with an interest in the district's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Office, Huron Intermediate School District, 711 E. Soper Road, Bad Axe, Michigan 48413.

## **BASIC FINANCIAL STATEMENTS**

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
June 30, 2005

		<b>GOVERNMENTAL ACTIVITIES</b>
		<hr/>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$	446,640
Investments		4,721,381
Property taxes receivable		58,634
Accounts receivable		76,798
Due from other governmental units		1,490,911
Due from agency funds		4,123
		<hr/>
<b>TOTAL CURRENT ASSETS</b>		<b>6,798,487</b>
		<hr/>
<b>NONCURRENT ASSETS:</b>		
Capital assets		7,191,952
Less accumulated depreciation		(3,287,300)
		<hr/>
<b>TOTAL NONCURRENT ASSETS</b>		<b>3,904,652</b>
		<hr/>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>10,703,139</b>
		<hr/> <hr/>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$	217,031
Accrued salaries & withholdings		822,601
Accrued & withheld payroll taxes		32,007
Accrued interest		56,464
Deferred revenue		610,263
Current portion of long term debt		28,759
Current portion of compensated absences		-
		<hr/>
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,767,125</b>
		<hr/>
<b>NONCURRENT LIABILITIES:</b>		
Noncurrent portion of long term debt		350,829
Noncurrent portion of compensated absences		378,660
		<hr/>
<b>TOTAL NONCURRENT LIABILITIES</b>		<b>729,489</b>
		<hr/>
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt		3,525,064
Unrestricted		4,681,461
		<hr/>
<b>TOTAL NET ASSETS</b>		<b>8,206,525</b>
		<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b>10,703,139</b>
		<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Assets
Governmental activities:				
Instruction	\$ 4,264,872	\$ 59,221	\$ 551,411	\$ (3,654,240)
Support services	5,887,492	138,181	1,286,626	(4,462,685)
Community services	4,904			(4,904)
Transfers to other districts	1,413,056			(1,413,056)
Interest & fees on long-term debt	18,069			(18,069)
Unallocated depreciation	276,922			(276,922)
Total governmental activities	<u>\$ 11,865,315</u>	<u>\$ 197,402</u>	<u>\$ 1,838,037</u>	(9,829,876)
General revenues:				
Property taxes, levied for general purposes				6,360,399
Industrial facilities tax				134,317
State sources				2,251,953
Transfers from other districts				112,706
Investment revenue				108,043
Medicaid reimbursement				380,350
Miscellaneous				205,816
Total general revenue				<u>9,553,584</u>
Change in net assets				(276,292)
Net assets, beginning of year				<u>8,482,817</u>
Net assets, end of year				<u>\$ 8,206,525</u>

The accompanying notes are an integral part of the financial statements.

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2005

	<u>SPECIAL REVENUE</u>		
	<u>GENERAL</u>	<u>SPECIAL EDUCATION</u>	<u>VOCATIONAL EDUCATION</u>
<b><u>ASSETS</u></b>			
Cash	\$ 132,736	\$ 62,546	\$ 96,249
Investments	300,274	3,756,657	664,450
Accounts receivable	-	-	76,798
Taxes receivable	354	9,934	4,057
Due from other governmental units	206,545	981,600	127,929
Due from agency funds	4,123	-	-
Due from other funds	315,722	7,800	64,279
<b>TOTAL ASSETS</b>	<b><u>\$ 959,754</u></b>	<b><u>\$ 4,818,537</u></b>	<b><u>\$ 1,033,762</u></b>
<b><u>LIABILITIES &amp; FUND BALANCES</u></b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 20,856	\$ 67,888	\$ 115,604
Accrued salaries and benefits	45,044	540,374	184,728
Accrued & withheld payroll taxes	31,932	75	-
Deferred revenue	209,495	376,724	19,044
Due to other funds	2,347	266,439	31,802
<b>TOTAL LIABILITIES</b>	<b><u>309,674</u></b>	<b><u>1,251,500</u></b>	<b><u>351,178</u></b>
<b>FUND BALANCE:</b>			
Reserved for:			
Capital Projects			
Unemployment			
Total Reserved	<u>-</u>	<u>-</u>	<u>-</u>
Unreserved:			
Designated for Compensated Absences	93,975	149,645	131,575
Undesignated	556,105	3,417,392	551,009
Total Unreserved	<u>650,080</u>	<u>3,567,037</u>	<u>682,584</u>
<b>TOTAL FUND BALANCE</b>	<b><u>650,080</u></b>	<b><u>3,567,037</u></b>	<b><u>682,584</u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ 959,754</u></b>	<b><u>\$ 4,818,537</u></b>	<b><u>\$ 1,033,762</u></b>

The accompanying notes are an integral part of the financial statements.

OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 155,109	\$ 446,640
-	4,721,381
-	76,798
	14,345
174,837	1,490,911
	4,123
2,347	390,148
<u>\$ 332,293</u>	<u>\$ 7,144,346</u>

\$ 12,683	\$ 217,031
52,455	822,601
-	32,007
5,000	610,263
89,560	390,148
<u>159,698</u>	<u>2,072,050</u>

99,601	99,601
46,218	46,218
<u>145,819</u>	<u>145,819</u>

3,465	378,660
23,311	4,547,817
<u>26,776</u>	<u>4,926,477</u>
<u>172,595</u>	<u>5,072,296</u>
<u>\$ 332,293</u>	<u>\$ 7,144,346</u>



**HURON INTERMEDIATE SCHOOL DISTRICT**  
Reconciliation of the Governmental Funds Balance Sheet to the  
Statement of Net Assets  
June 30, 2005

<b>Total Fund Balances - Governmental Funds</b>	<b>\$ 5,072,296</b>
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds

The cost of the capital assets is	7,191,952
Accumulated depreciation is	(3,287,300)

Long term liabilities are not due and payable in the current period and are not reported in the funds

Bonds payable	(379,588)
Compensated absences	(378,660)
Accrued interest is not included as a liability in governmental funds; it is recorded when paid	(56,464)

Balance of taxes receivable at 6/30/05 less allowance for doubtful accounts	<u>44,289</u>
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<b>Net Assets of Governmental Activities</b>	<b><u><u>\$ 8,206,525</u></u></b>
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The accompanying notes are an integral part of the financial statements.

**HURON INTERMEDIATE SCHOOL DISTRICT**  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2005

	<b>SPECIAL REVENUE</b>		
	<b>GENERAL FUND</b>	<b>SPECIAL EDUCATION</b>	<b>VOCATIONAL EDUCATION</b>
REVENUES:			
Local sources	\$ 280,485	\$ 4,964,523	\$ 1,949,996
State sources	731,083	1,134,454	311,783
Federal sources	28,533	1,133,258	336,752
<b>TOTAL REVENUES</b>	<b>1,040,101</b>	<b>7,232,235</b>	<b>2,598,531</b>
EXPENDITURES:			
Instruction	621,738	2,115,373	1,288,943
Supporting services	645,539	3,182,437	1,429,443
Community services	4,904		
Other payments	544	212,282	
<b>TOTAL EXPENDITURES</b>	<b>1,272,725</b>	<b>5,510,092</b>	<b>2,718,386</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(232,624)</b>	<b>1,722,143</b>	<b>(119,855)</b>
OTHER FINANCING SOURCES (USES):			
Transfer from other districts	112,706	-	-
Transfer from other funds	36,500	-	33,000
Transfer to other districts	(47,158)	(1,327,973)	(37,925)
Transfers to other funds	(17,000)	(52,500)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>85,048</b>	<b>(1,380,473)</b>	<b>(4,925)</b>
<b>EXCESS (DEFICIT) OF REVENUE &amp; OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>(147,576)</b>	<b>341,670</b>	<b>(124,780)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>797,656</b>	<b>3,225,367</b>	<b>807,364</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 650,080</b>	<b>\$ 3,567,037</b>	<b>\$ 682,584</b>

The accompanying notes are an integral part of the financial statements.

OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
\$ 184,236	\$ 7,379,240
74,633	2,251,953
339,494	1,838,037
598,363	11,469,230
228,217	4,254,271
404,552	5,661,971
	4,904
	212,826
632,769	10,133,972
(34,406)	1,335,258
	112,706
	69,500
	(1,413,056)
	(69,500)
-	(1,300,350)
(34,406)	34,908
207,001	5,037,388
\$ 172,595	\$ 5,072,296

**HURON INTERMEDIATE SCHOOL DISTRICT**  
Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
June 30, 2005

**Total net change in fund balances--governmental funds** **\$ 34,908**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets are allocated over their useful lives as depreciation:

Depreciation expense	(276,922)
Capital outlay	12,041

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable at the beginning of the year	38,395
Accrued interest payable at the end of the year	(56,464)

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Accrued revenue at the beginning of the year	(37,202)
Accrued revenue at the end of the year	44,289

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Accrued absences at the beginning of the year	343,323
Accrued absences at the end of the year	<u>(378,660)</u>

<b>Change in net assets of governmental activities</b>	<b><u><u>\$(276,292)</u></u></b>
--	----------------------------------

The accompanying notes are an integral part of the financial statements.

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**BALANCE SHEET**  
June 30, 2005

	<u><b>AGENCY FUNDS</b></u>
 <b><u>ASSETS</u></b>	
Cash	\$ 42,612
Investments	
 <b><i>TOTAL ASSETS</i></b>	 <b><u><u>\$ 42,612</u></u></b>
  <b><i>LIABILITIES AND FUND BALANCE</i></b>	
Liabilities:	
Due to other organizations	\$ 38,490
Due to general fund	4,122
 Fund Balance:	
Reserved for programs	 -
 <b><i>TOTAL LIABILITIES AND FUND BALANCE</i></b>	 <b><u><u>\$ 42,612</u></u></b>

The accompanying notes are an integral part of the financial statements.

**HURON INTERMEDIATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The basic financial statements of the Huron Intermediate School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**REPORTING ENTITY:**

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP, currently GASB Statements #14 and #39.

Based upon the application of these criteria, the basic financial statements of Huron Intermediate School District contain all the funds and account groups controlled by the District's Board of Education as no other entity meets the criteria to be considered a blended component unit or a discretely presented component of the district nor is the District a component unit of another entity.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. The effect of interfund activity has largely been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use, or directly benefit from goods or services by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Aid, certain revenue from the Intermediate School District and other unrestricted items are not included as program revenues but instead as *general revenues*.

The statement of activities reports both the gross and net cost of each of the District's functions. These functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.) The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function.

Operating grants include operating-specific and discretionary (either operating or capital) grants.

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District utilizes restricted resources to finance their respective, qualifying activities.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues.)

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS, (Continued):**

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Governmental Funds:**

Governmental funds are those funds through which most school district functions are typically financed. The acquisition, use, and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following **major** governmental funds:

The *General Fund* is the District's primary administration fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects). The District's **major** special revenue funds consist of the Special Education and Vocational Education Funds.

The District reports the following **nonmajor** governmental funds:

The *Special Revenue Funds* that are considered **nonmajor** consist of the Adult Education and Unemployment Compensation Funds.

The *Debt Service Fund* accounts for the servicing of general long-term debt.

The *Building and Site Fund* accounts for the receipt of debt proceeds and the acquisition of fixed assets or construction of major capital projects.

**Fiduciary Funds:**

Fiduciary funds account for assets held by the district in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the district under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The District reports the following **fiduciary** fund:

The *Agency Fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION:**

Accrual Method

The government-wide financial statements (statements of net assets; statements of activities) are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they were levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual Method

Governmental funds are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The district considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, interest and charges for services are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the district and are recognized as revenue at that time.

**State Foundation Revenue:**

The State of Michigan uses a foundation grant approach which provides for a specific annual amount of revenue per student based on a state-wide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2005, the foundation allowance was based on the average of pupil membership counts taken in February and September of 2004.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes that may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October, 2004 - August, 2005. The local revenue is recognized as outlined in Note 1 Accounting for Property Taxes.

**State Categorical Revenue:**

The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received that are not expended by the close of the fiscal year are recorded as deferred revenue.

**Federal Revenue:**

Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other grant requirements have been met.



**HURON INTERMEDIATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**ASSETS, LIABILITIES AND EQUITY:**

1. Cash and equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40 *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value and determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district's intend to hold the investment until maturity.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

2. Short-term Interfund Receivables/Payables.

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the Governmental Funds Balance Sheet.

3. Property Taxes.

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. School District property tax revenues are recognized when levied to the extent that they result in current receivables (collected within sixty days after year end). Amounts received subsequent to August 31 are recognized as revenue when collected.

For the year ended June 30, 2005, the District levied the following amounts per \$1,000 of assessed valuation:

<b><u>FUND</u></b>	<b><u>MILLS</u></b>
General Fund	.1170
Special Revenue Funds:	
Special Education Fund	3.2897
Vocational Education Fund	1.3436

**HURON INTERMEDIATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**ASSETS, LIABILITIES AND EQUITY, (Continued):**

4. Capital Assets.

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as followed:

Buildings and additions	50 years
Furniture and other equipment	5 – 15 years

The District's policy is to capitalize individual amounts exceeding \$5,000.

5. Compensated Absences.

Accumulated vacation and sick pay amounts which are expected to be liquidated with expendable available resources (generally sixty days) are recorded in the governmental funds using the modified accrual basis of accounting.

It is the policy of the District to allow for accumulation of unused sick days. Upon death or retirement of a covered employee or upon an employee's voluntary termination after 15 years of continuous service, accumulated sick days become vested and are payable at one half of the employees current rate of pay for a maximum of 125 days for administrative and non-union support staff. Professional bargaining unit staff is paid 70% of the current substitute pay per day for a maximum of 105 days. An estimate of the present value of this liability has been recorded in the statement of net assets.

6. Unemployment Insurance.

The District reimburses the Bureau of Worker's & Unemployment Compensation (BW & UC) for the actual amount of unemployment benefits disbursed by the BW & UC on behalf of the District. Billings received for amounts paid by the BW & UC through June 30 are accrued, if material.

7. Long-term obligations.

The District reports long-term debt of governmental funds at face value in the statement of net assets. Certain other governmental fund obligations not expected to be financed with current available financial resources are also reported in the statement of net assets.

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as other financing sources net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

**HURON INTERMEDIATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued):**

**ASSETS, LIABILITIES AND EQUITY, (Continued):**

8. Deferred Revenues:

The unexpended balance of various federal and/or state categorical grants is carried forward as deferred revenue until the period in which eligible expenditures are incurred. Other monies collected in advance are also deferred.

9. Retirement Plan.

Substantially all of the District's employees participate in the Michigan Public School Employee's Retirement System. See Note 8.

10. Fund Balance.

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes or indicates that a component of net current assets does not constitute "available spendable resources". The designated fund balances for governmental funds represent tentative plans for future use of financial resources.

11. Interfund Transactions.

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reduction of expenditures/expenses in the fund that is reimbursed.

12. Use of Estimates.

The process of preparing basic financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**HURON INTERMEDIATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 2 – STEWARDSHIP, COMPLIANCE & ACCOUNTABILITY:**

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, debt service and capital projects funds. All annual appropriations lapse at fiscal year end. The District does not maintain a formalized encumbrance accounting system.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances – budget (GAAP basis) and actual – general, special revenue, and debt service.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, or in excess of the amount appropriated. Any expenditures in violation of the Budgeting Act are disclosed as unfavorable variances on the combined statement of revenues, expenditures and changes in fund balances – budget (GAAP basis) and actual – general, special revenue and debt service.
4. The Superintendent is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. The budget, as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to June 30.

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 3 - DEPOSITS AND INVESTMENTS – CREDIT RISK:**

As of June 30, 2005, the District had the following investments.

<b>Investment Type</b>	<b>Fair value</b>	<b>Weighted Average Maturity (Years)</b>	<b>Standard &amp; Poor's Rating</b>	<b>%</b>
MILAF External Investment pool - MICMS	\$ 4,416,991	0.0027	AAAm	93.6%
MILAF External Investment pool -MIMAX	304,390	0.0027	AAAm	6.4%
Total fair value	<u>\$ 4,721,381</u>			<u>100.0%</u>
Portfolio weighted average maturity		<u>0.0027</u>		

1 day maturity equals 0.0027, one year equals 1.00

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2005, the fair value of the District's investments is the same as the value of the pool shares.

**Interest rate risk.** In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

**Credit risk.** State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

**Concentration of credit risk.** The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial credit risk - deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2005, \$1,439,033 of the District's bank balance of \$1,741,425 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

**Custodial credit risk - investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

**Foreign currency risk.** The District is not authorized to invest in investments which have this type of risk.

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 3 - DEPOSITS AND INVESTMENTS – CREDIT RISK, (Continued):**

The above amounts are reported in the financial statements as follows:

Cash Agency Fund	\$ 42,612
Cash - District wide	446,640
Investments - District wide	<u>4,721,381</u>
	<u><u>\$ 5,210,633</u></u>

**NOTE 4 - CAPITAL ASSETS:**

The following is a summary of changes in the capital assets during the fiscal year:

	<u>BALANCE</u> <u>JULY 1, 2004</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>BALANCE</u> <u>JUNE 30, 2005</u>
Assets not being depreciated – land	\$ 80,000			\$ 80,000
Other capital assets:				
Buildings	4,539,930	\$ 5,975	\$ -	4,545,905
Improvements	412,335	-	-	412,335
Furniture & Fixtures	566,036	6,066	-	572,102
Machinery & Equipment	<u>1,581,610</u>	<u>-</u>	<u>-</u>	<u>1,581,610</u>
Subtotal other capital assets	7,099,911	12,041	-	7,111,952
Accumulated depreciation:				
Buildings	(1,373,710)	(79,255)		(1,452,965)
Improvements	(285,739)	(15,696)		(301,435)
Furniture & Fixtures	(420,814)	(18,831)		(439,645)
Machinery & Equipment	<u>(930,115)</u>	<u>(163,140)</u>	<u>( - )</u>	<u>(1,093,255)</u>
Total accumulated depreciation	<u>(3,010,378)</u>	<u>(276,922)</u>	<u>-</u>	<u>(3,287,300)</u>
Net other capital assets:	<u>4,089,533</u>	<u>(264,881)</u>	<u>-</u>	<u>3,824,652</u>
Net Capital Assets	\$4,169,533	\$ (264,881)	\$ -	\$3,904,652

Depreciation for the fiscal year ended June 20, 2005 amounted to \$276,922. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES:**

	<b><u>INTERFUND RECEIVABLE</u></b>	<b><u>INTERFUND PAYABLE</u></b>
General Fund	\$319,844	\$ 2,347
Special Revenue Fund:		
Special Education Fund	7,800	266,438
Vocational Education Fund	64,278	31,802
Adult Education Fund	2,347	89,559
Fiduciary Fund Type:		
Pop Fund	-	4,123
Total	\$394,269	\$394,269

**NOTE 6 - LONG-TERM DEBT:**

**OUTSTANDING DEBT:**

The following is a summary of long-term obligations for the District for the year ended June 30, 2005:

Limited obligation (Durant) bond, due in annual installments of \$26,198 - \$53,654 through May 2013, with interest of 4.76%.	\$ 379,588
Accumulated compensated absences	<u>378,660</u>
Total long-term debt	\$758,248

**DEBT SERVICE REQUIREMENTS:**

The annual requirements to amortize long-term debt outstanding as of June 30, 2005 are as follows:

<b><u>YEAR ENDED JUNE 30,</u></b>	<b><u>PRINCIPAL</u></b>	<b><u>INTEREST</u></b>	<b><u>TOTAL</u></b>
2006	28,759	12,964	41,723
2007	30,122	11,595	41,717
2008	138,871	58,024	196,895
2009	33,067	8,658	41,725
2010	34,640	7,083	41,723
2011	36,290	5,434	41,724
2012	38,015	3,706	41,721
2013	<u>39,824</u>	<u>1,897</u>	<u>41,721</u>
	379,588	109,361	488,949
Accumulated compensated absences	<u>378,660</u>	-	<u>378,660</u>
	\$758,248	\$109,361	\$867,609

An amount of \$0 is available in the debt service fund to service the general obligation debt.

**HURON INTERMEDIATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 6 - LONG-TERM DEBT, (Continued):**

**CHANGES IN LONG-TERM DEBT:**

Following is a summary of long-term debt transactions of the district for the year ended June 30, 2005:

	<b>ACCUMULATED SICK &amp; VACATION PAY</b>	<b>GENERAL OBLIGATIONS</b>
Long-term debt, July 1, 2004	\$343,323	\$379,588
Additions:		
Net increase (decrease) in accumulated compensated absences	35,337	
Deductions:		
Principal payments made	_____	_____
Long-term debt, June 30, 2005	\$378,660	\$379,588

Interest expense (all funds) for the years ended June 30, 2005 was \$18,069.

**NOTE 7 - OPERATING LEASES:**

The School District leases equipment under operating lease agreements that expire in June 2010. At June 30, 2005, future lease payments under this lease is as follows:

June 30, 2006	39,878
June 30, 2007	25,654
June 30, 2008	23,783
June 30, 2009	23,783
June 30, 2010	2,737



**HURON INTERMEDIATE SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 8 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN:**

Plan Description – The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer defined benefit pension plan administered by the nine member board of the MPERS. The MPERS provides retirement benefits and post-retirement benefits for health, dental and vision. The MPERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30026, Lansing, Michigan, 48909 or by calling (517) 322-6000.

Funding Policy – Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; and 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1<sup>st</sup> on all MIP monies on deposit for 12 months. If a member leaves MPERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rates for the year ended June 30, 2005 were 12.99% through September 30, 2004 and 14.87% effective October 1, 2004. The contribution requirements of plan members and the District are established and may be amended by the MPERS Board of Trustees. The District contributions to MPERS for the years ended June 30, 2005, 2004 and 2003 were \$750,063, \$624,313, and \$620,503, respectively, equal to the required contribution for each year.

The District is not responsible for the payment of retirement benefits; it is the responsibility of the State of Michigan.

**OTHER POST-EMPLOYMENT BENEFITS:**

Under the MPERS' Act, all retirees have the option of continuing health, dental and vision coverage. These benefits are not included in the pension benefit obligation referred to above.

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 9 - RISK MANAGEMENT:**

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required. The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

**NOTE 10 – TRANSFERS:**

Transfers were made between funds to supplement program costs. A summary is as follows:

	<b><u>Transfers To</u></b>	<b><u>Transfers From</u></b>
General Fund	\$36,500	\$17,000
Special Education Fund		52,500
Vocational Education Fund	<u>33,000</u>	<u>-</u>
Total	\$69,500	\$69,500

## REQUIRED SUPPLEMENTARY INFORMATION

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>BUDGET</b>			<b>VARIANCE- WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
<b>REVENUE:</b>				
Local sources	\$ 207,999	\$ 258,939	\$ 280,485	\$ 21,546
State sources	792,601	789,682	731,083	(58,599)
Federal sources	5,148	5,148	28,533	23,385
<b>TOTAL REVENUE</b>	<b>1,005,748</b>	<b>1,053,769</b>	<b>1,040,101</b>	<b>(13,668)</b>
<b>EXPENDITURES:</b>				
Instruction	719,530	647,966	621,738	26,228
Supporting services	615,387	716,239	645,539	70,700
Community services	-	2,800	4,904	(2,104)
Other Payments	1,000	1,000	544	456
<b>TOTAL EXPENDITURES</b>	<b>1,335,917</b>	<b>1,368,005</b>	<b>1,272,725</b>	<b>95,280</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(330,169)</b>	<b>(314,236)</b>	<b>(232,624)</b>	<b>81,612</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer from other districts	113,782	127,300	112,706	(14,594)
Transfer from other funds	36,500	36,500	36,500	-
Transfer to other districts	(47,995)	(51,401)	(47,158)	4,243
Transfers to other funds	(19,875)	(19,875)	(17,000)	2,875
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>82,412</b>	<b>92,524</b>	<b>85,048</b>	<b>(7,476)</b>
<b>EXCESS (DEFICIT) OF REVENUE &amp; OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>(247,757)</b>	<b>(221,712)</b>	<b>(147,576)</b>	<b>74,136</b>
<b>FUND BALANCE - JULY 1</b>	<b>797,656</b>	<b>797,656</b>	<b>797,656</b>	
<b>FUND BALANCE - JUNE 30</b>	<b>\$ 549,899</b>	<b>\$ 575,944</b>	<b>\$ 650,080</b>	<b>\$ 74,136</b>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**SPECIAL EDUCATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>BUDGET</b>			<b>VARIANCE- WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
REVENUE:				
Local sources	\$ 4,916,440	\$ 4,932,834	\$ 4,964,523	\$ 31,689
State sources	1,378,399	1,119,400	1,134,454	15,054
Federal sources	1,312,913	1,431,757	1,133,258	(298,499)
<b>TOTAL REVENUE</b>	<b>7,607,752</b>	<b>7,483,991</b>	<b>7,232,235</b>	<b>(251,756)</b>
EXPENDITURES:				
Instruction	2,395,502	2,211,317	2,115,373	95,944
Supporting services	3,276,664	3,314,239	3,182,437	131,802
Other Payments	302,716	212,284	212,282	2
<b>TOTAL EXPENDITURES</b>	<b>5,974,882</b>	<b>5,737,840</b>	<b>5,510,092</b>	<b>227,748</b>
<b>EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES</b>	<b>1,632,870</b>	<b>1,746,151</b>	<b>1,722,143</b>	<b>(24,008)</b>
OTHER FINANCING SOURCES (USES):				
Transfer from other districts	15	-	-	-
Transfer from other funds	-	-	-	-
Transfer to other districts	(1,450,000)	(1,414,300)	(1,327,973)	86,327
Transfers to other funds	(53,625)	(53,500)	(52,500)	1,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,503,610)</b>	<b>(1,467,800)</b>	<b>(1,380,473)</b>	<b>87,327</b>
<b>EXCESS (DEFICIT) OF REVENUE &amp; OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES &amp; OTHER FINANCING USES</b>	<b>129,260</b>	<b>278,351</b>	<b>341,670</b>	<b>63,319</b>
<b>FUND BALANCE - JULY 1</b>	<b>3,225,367</b>	<b>3,225,367</b>	<b>3,225,367</b>	
<b>FUND BALANCE - JUNE 30</b>	<b>\$ 3,354,627</b>	<b>\$ 3,503,718</b>	<b>\$ 3,567,037</b>	<b>\$ 63,319</b>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**VOCATIONAL EDUCATION FUND**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<b>BUDGET</b>			<b>VARIANCE- WITH FINAL BUDGET- FAVORABLE (UNFAVORABLE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
REVENUE:				
Local sources	\$ 1,911,065	\$ 1,913,347	\$ 1,949,996	\$ 36,649
State sources	346,108	316,137	311,783	(4,354)
Federal sources	290,031	374,881	336,752	(38,129)
TOTAL REVENUE	2,547,204	2,604,365	2,598,531	(5,834)
EXPENDITURES:				
Instruction	1,266,677	1,312,864	1,288,943	23,921
Supporting services	1,393,075	1,505,027	1,429,443	75,584
TOTAL EXPENDITURES	2,659,752	2,817,891	2,718,386	99,505
EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES	(112,548)	(213,526)	(119,855)	93,671
OTHER FINANCING SOURCES (USES):				
Transfer from other districts		-	-	-
Transfer from other funds	34,250	34,000	33,000	(1,000)
Transfer to other districts	(37,000)	(38,000)	(37,925)	75
Transfers to other funds				-
TOTAL OTHER FINANCING SOURCES (USES)	(2,750)	(4,000)	(4,925)	(925)
EXCESS (DEFICIT) OF REVENUE & OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES & OTHER FINANCING USES	(115,298)	(217,526)	(124,780)	92,746
FUND BALANCE - JULY 1	807,364	807,364	807,364	
FUND BALANCE - JUNE 30	\$ 692,066	\$ 589,838	\$ 682,584	\$ 92,746

## ADDITIONAL INFORMATION

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUND TYPES**  
JUNE 30, 2005

	<b>ADULT EDUCATION</b>	<b>UNEMPLOYMENT COMPENSATION FUND</b>	<b>DURANT BOND DEBT RETIREMENT</b>	<b>BUILDING AND SITE</b>	<b>TOTAL</b>
<b><u>ASSETS</u></b>					
Cash	\$ 6,183	\$ 49,325		\$ 99,601	\$ 155,109
Investments	-				-
Accounts receivable	-				-
Due from other governmental units	174,837				174,837
Due from other funds	2,347				2,347
<b>TOTAL ASSETS</b>	<b><u>\$ 183,367</u></b>	<b><u>\$ 49,325</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 99,601</u></b>	<b><u>\$ 332,293</u></b>
<b><u>LIABILITIES &amp; FUND BALANCE</u></b>					
LIABILITIES:					
Accounts payable	\$ 9,576	\$ 3,107			\$ 12,683
Accrued salaries & benefits	52,455				52,455
Accrued & withheld payroll taxes	-				-
Due to other funds	89,560				89,560
Deferred revenues	5,000				5,000
<b>TOTAL LIABILITIES</b>	<b><u>156,591</u></b>	<b><u>3,107</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>159,698</u></b>
FUND BALANCE:					
Reserved for:					
Capital Projects				99,601	99,601
Unemployment		46,218			46,218
<b>Total Reserved</b>	<b><u>-</u></b>	<b><u>46,218</u></b>	<b><u>-</u></b>	<b><u>99,601</u></b>	<b><u>145,819</u></b>
Unreserved:					
Designated for Compensated Absences	3,465	-			3,465
Undesignated	23,311	-			23,311
<b>Total Unreserved</b>	<b><u>26,776</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>26,776</u></b>
<b>TOTAL FUND BALANCE</b>	<b><u>26,776</u></b>	<b><u>46,218</u></b>	<b><u>-</u></b>	<b><u>99,601</u></b>	<b><u>172,595</u></b>
<b>TOTAL LIABILITIES &amp; FUND BALANCE</b>	<b><u>\$ 183,367</u></b>	<b><u>\$ 49,325</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 99,601</u></b>	<b><u>\$ 332,293</u></b>



**HURON INTERMEDIATE SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>ADULT EDUCATION</u>	<u>UNEMPLOYMENT COMPENSATION FUND</u>	<u>DURANT BOND DEBT RETIREMENT</u>	<u>BUILDING AND SITE</u>	<u>TOTAL</u>
REVENUE:					
Local sources	\$ 183,566	\$ 223	\$ -	\$ 447	\$ 184,236
State sources	74,633	-	-	-	74,633
Federal sources	339,494	-	-	-	339,494
TOTAL REVENUE	<u>597,693</u>	<u>223</u>	<u>-</u>	<u>447</u>	<u>598,363</u>
EXPENDITURES:					
Current:					
Instruction	228,217				228,217
Supporting services	401,445	3,107	-	-	404,552
TOTAL EXPENDITURES	<u>629,662</u>	<u>3,107</u>	<u>-</u>	<u>-</u>	<u>632,769</u>
EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(31,969)</u>	<u>(2,884)</u>	<u>-</u>	<u>447</u>	<u>(34,406)</u>
OTHER FINANCING SOURCES (USES):					
Transfer from other districts					-
Transfer from other funds					-
Transfer to other districts					-
Transfers to other funds					-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIT) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(31,969)</u>	<u>(2,884)</u>	<u>-</u>	<u>447</u>	<u>(34,406)</u>
FUND BALANCE - JULY 1	<u>58,745</u>	<u>49,102</u>	<u>-</u>	<u>99,154</u>	<u>207,001</u>
FUND BALANCE - JUNE 30	<u>\$ 26,776</u>	<u>\$ 46,218</u>	<u>\$ -</u>	<u>\$ 99,601</u>	<u>\$ 172,595</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF GENERAL FUND REVENUE**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE FROM LOCAL SOURCES:			
Property taxes - current levy	\$ 155,000	\$ 156,927	\$ 1,927
Industrial Facilities Tax	2,500	3,318	818
Miscellaneous	48,050	49,900	1,850
Local Professional Development	19,000	19,609	609
Rural consortiums	24,639	22,272	(2,367)
Income on investment	9,750	28,459	18,709
TOTAL REVENUE FROM LOCAL SOURCES	<u>258,939</u>	<u>280,485</u>	<u>21,546</u>
REVENUE FROM STATE SOURCES:			
State aid	728,716	670,367	(58,349)
Detroit Edison	3,000	3,000	-
Math & Science Outreach	57,966	57,716	(250)
TOTAL REVENUE FROM STATE SOURCES	<u>789,682</u>	<u>731,083</u>	<u>(37,053)</u>
REVENUE FROM FEDERAL SOURCES:			
Title V	5,148	3,683	(1,465)
Staffing Grant	-	10,371	10,371
Other	-	14,479	14,479
TOTAL REVENUE FROM FEDERAL SOURCES	<u>5,148</u>	<u>28,533</u>	<u>23,385</u>
OTHER FINANCING SOURCES			
Transfers - Other Funds	36,500	36,500	-
Transfers - Other Districts	127,300	112,706	(14,594)
TOTAL OTHER FINANCING SOURCES	<u>163,800</u>	<u>149,206</u>	<u>(14,594)</u>
TOTAL REVENUE	<u>\$ 1,217,569</u>	<u>\$ 1,189,307</u>	<u>\$ (28,262)</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION:			
Gifted Program:			
Salaries	\$ 2,625	\$ 2,614	\$ 11
Employee benefits	50	43	7
Purchased services	-	-	-
Supplies	1,885	1,884	1
Miscellaneous	-	-	-
Total Gifted Program	<u>4,560</u>	<u>4,541</u>	<u>19</u>
Math/Science Program:			
Salaries	69,633	69,633	-
Employee benefits	15,855	15,686	169
Insurance	15,250	15,623	(373)
Purchased services	5,812	5,792	20
Supplies	1,000	957	43
Miscellaneous	250	75	175
Total Math/Science Program	<u>107,800</u>	<u>107,766</u>	<u>34</u>
Distance Learning:			
Salaries	300	291	9
Employee benefits	89	61	28
Insurance	8,660	5,899	2,761
Purchased services	127,225	118,018	9,207
Supplies	1,600	-	1,600
Capital outlay	-	-	-
Total Distance Learning	<u>137,874</u>	<u>124,269</u>	<u>13,605</u>
Curriculum Development:			
Salaries	75,803	73,477	2,326
Employee benefits	13,326	12,655	671
Insurance	15,250	14,889	361
Purchased services	3,000	2,728	272
Supplies	750	303	447
Miscellaneous	-	190	(190)
Total Curriculum Development	<u>108,129</u>	<u>104,242</u>	<u>3,887</u>
Michigan School Readiness			
Salaries	119,657	118,085	1,572
Employee benefits	27,216	26,217	999
Insurance	45,516	49,525	(4,009)
Purchased services	40,611	31,710	8,901
Supplies	1,300	2,162	(862)
Miscellaneous	-	-	-
Total Michigan School Readiness	<u>234,300</u>	<u>227,699</u>	<u>6,601</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION, (Continued):			
Improvement of Instruction:			
Salaries	\$ -	\$ -	\$ -
Employee benefits	1,280	1,272	8
Purchased services	17,400	17,821	(421)
Supplies	2,925	3,629	(704)
Miscellaneous	4,250	4,132	118
Total Improvement of Instruction	<u>25,855</u>	<u>26,854</u>	<u>(999)</u>
Rural Consortium:			
Salaries	6,304	6,304	-
Employee benefits	1,435	1,420	15
Purchased services	13,800	12,532	1,268
Supplies	7,909	6,111	1,798
Total Rural Consortium	<u>29,448</u>	<u>26,367</u>	<u>3,081</u>
TOTAL INSTRUCTION	<u>647,966</u>	<u>621,738</u>	<u>26,228</u>
SUPPORTING SERVICES			
Title V:			-
Purchased services	5,148	1,491	3,657
Supplies	-	2,228	(2,228)
Capital outlay	-	-	-
Total Title V	<u>5,148</u>	<u>3,719</u>	<u>1,429</u>
Attendance:			
Salaries	34,185	33,145	1,040
Employee benefits	7,783	7,466	317
Insurance	14,780	13,953	827
Supplies	100	-	100
Purchased services	600	265	335
Total Attendance	<u>57,448</u>	<u>54,829</u>	<u>2,619</u>
Letrs Training Regional Grant:			
Salaries	-	7,331	(7,331)
Employee benefits	-	1,668	(1,668)
Purchased services	-	4,721	(4,721)
Supplies	-	759	(759)
Total Letrs Training Regional Grant	<u>-</u>	<u>14,479</u>	<u>(14,479)</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Board of Education:			
Salaries	\$ 4,000	\$ 3,325	\$ 675
Employee benefits	500	126	374
Purchased services	15,000	10,438	4,562
Total Board of Education	19,500	13,889	5,611
Executive Administration:			
Salaries	155,618	152,851	2,767
Employee benefits	43,005	41,315	1,690
Insurance	31,472	28,862	2,610
Purchased services	43,750	39,618	4,132
Supplies	13,900	12,495	1,405
Miscellaneous	15,200	15,408	(208)
Total Executive Administration	302,945	290,549	12,396
General Education Coordinator			
Salaries	116,544	116,533	11
Employee benefits	26,349	25,903	446
Insurance	32,848	31,774	1,074
Purchased services	5,000	3,388	1,612
Supplies	2,835	2,630	205
Miscellaneous	605	547	58
Total General Education Coordinator	184,181	180,775	3,406
Accounting:			
Salaries	26,689	26,689	-
Employee benefits	6,178	5,935	243
Insurance	4,834	4,664	170
Purchased services	2,750	1,540	1,210
Supplies	3,000	-	3,000
Total Accounting	43,451	38,828	4,623
Data Processing	5,600	3,937	1,663

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Operation and Maintenance:			
Purchased services	\$ 27,500	\$ 27,399	\$ 101
Supplies	300	137	163
Capital outlay	2,200	2,137	63
Total Operation and Maintenance	<u>30,000</u>	<u>29,673</u>	<u>327</u>
Transportation Services:			
Purchased services	200	190	10
Supplies	1,800	1,734	66
Total Transportation Services	<u>2,000</u>	<u>1,924</u>	<u>76</u>
Academic Student Assessments	<u>800</u>	<u>740</u>	<u>60</u>
Capital outlay	<u>65,166</u>	<u>12,197</u>	<u>52,969</u>
TOTAL SUPPORTING SERVICES	<u>716,239</u>	<u>645,539</u>	<u>70,700</u>
COMMUNITY SERVICES			
Community Activities			
Purchased services	-	2,359	(2,359)
Supplies	2,800	2,545	255
Total Community Activities	<u>2,800</u>	<u>4,904</u>	<u>(2,104)</u>
TOTAL COMMUNITY SERVICES	<u>2,800</u>	<u>4,904</u>	<u>(2,104)</u>
OTHER TRANSFERS			
Transfers to other funds	19,875	17,000	2,875
Transfers to other districts	43,126	38,893	4,233
REMC	8,275	8,265	10
Tax abatement	1,000	544	456
TOTAL OTHER TRANSFERS	<u>72,276</u>	<u>64,702</u>	<u>7,574</u>
TOTAL EXPENDITURES	<u>\$ 1,439,281</u>	<u>\$ 1,336,883</u>	<u>\$ 102,398</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF SPECIAL EDUCATION FUND REVENUE**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE FROM LOCAL SOURCES:			
Property tax levy	\$ 4,418,058	\$ 4,399,672	\$ (18,386)
Industrial facilities tax	93,014	93,014	-
Interest on delinquent tax	1,000	3,020	2,020
Interest on investment	27,000	68,050	41,050
Medicaid Reimbursement	377,462	380,350	2,888
Miscellaneous	16,300	20,417	4,117
TOTAL REVENUE FROM LOCAL SOURCES	<u>4,932,834</u>	<u>4,964,523</u>	<u>31,689</u>
REVENUE FROM STATE SOURCES:			
State aid	1,119,400	1,134,454	15,054
Miscellaneous	-	-	-
TOTAL REVENUE FROM STATE SOURCES	<u>1,119,400</u>	<u>1,134,454</u>	<u>15,054</u>
REVENUE FROM FEDERAL SOURCES:			
B.E.S.T. Grant	40,000	25,000	(15,000)
Regional Autism Grant	30,700	34,000	3,300
94-142 Flow through	1,088,712	746,660	(342,052)
Preschool incentive	55,865	55,149	(716)
94-142 state initiated	35,000	35,000	-
94-142 capacity building	11,332	12,707	1,375
Infant & toddler	68,505	48,599	(19,906)
Transition MJCRS	60,000	60,000	-
Staffing Grant	2,500	2,690	190
Staff development grants	13,085	30,046	16,961
Strong families/safe children	10,000	10,000	-
Medicaid Transportation	16,058	73,407	57,349
TOTAL REVENUE FROM FEDERAL SOURCES	<u>1,431,757</u>	<u>1,133,258</u>	<u>(298,499)</u>
TOTAL REVENUE	<u>\$ 7,483,991</u>	<u>\$ 7,232,235</u>	<u>\$ (251,756)</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION:			
At Risk:			
Salaries	\$ -	\$ -	\$ -
Insurance	-	-	-
Employee benefits	-	-	-
Purchased services	-	-	-
Teaching supplies	-	-	-
Outgoing transfers	-	-	-
Total At Risk	-	-	-
Severally Mentally Impaired:			
Salaries	136,493	138,560	(2,067)
Insurance	54,521	51,074	3,447
Employee benefits	31,080	31,099	(19)
Purchased services	-	-	-
Teaching supplies	650	815	(165)
Capital outlay	-	-	-
Total Severally Mentally Impaired	222,744	221,548	1,196
Trainably Mentally Impaired:			
Salaries	389,006	353,773	35,233
Insurance	204,137	175,985	28,152
Employee benefits	88,336	79,961	8,375
Purchased services	1,385	1,376	9
Teaching supplies	3,500	3,276	224
Capital outlay	3,850	3,833	17
Total Trainably Mentally Impaired	690,214	618,204	72,010
Autistically Impaired:			
Salaries	127,592	157,758	(30,166)
Insurance	73,118	99,098	(25,980)
Employee benefits	25,257	35,418	(10,161)
Purchased services	11,750	824	10,926
Teaching supplies	-	-	-
Capital outlay	-	-	-
Total Autistically Impaired	237,717	293,098	(55,381)
Regional Autism Grant:			
Salaries	17,336	17,337	(1)
Insurance	-	-	-
Employee benefits	3,164	3,195	(31)
Purchased services	8,900	7,190	1,710
Teaching supplies	4,600	6,279	(1,679)
Capital outlay	-	-	-
Total Autism Grant	34,000	34,001	(1)
Hearing Impaired:			
Salaries	59,555	59,098	457
Insurance	14,618	14,889	(271)
Employee benefits	13,561	13,315	246
Purchased services	5,750	6,215	(465)
Supplies & other	4,200	2,181	2,019
Total Hearing Impaired	97,684	95,698	1,986



**HURON INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION, (continued):			
Emotionally Impaired:			
Salaries	\$ 134,388	\$ 122,801	\$ 11,587
Insurance	61,913	46,082	15,831
Employee benefits	30,958	28,002	2,956
Purchased services	-	87	(87)
Teaching supplies	3,550	3,208	342
Capital outlay	4,526	4,386	140
Total Emotionally Impaired	<u>235,335</u>	<u>204,566</u>	<u>30,769</u>
B.E.S.T. Autistic Program:			
Salaries	131,394	84,019	47,375
Insurance	80,298	34,770	45,528
Employee benefits	29,918	18,892	11,026
Purchased services	-	165	(165)
Teaching supplies	500	117	383
Total B.E.S.T. Autistic Program	<u>242,110</u>	<u>137,963</u>	<u>104,147</u>
Home Program:			
Salaries	44,790	35,286	9,504
Insurance	14,668	12,765	1,903
Employee benefits	10,200	7,930	2,270
Purchased services	2,000	2,603	(603)
Supplies	650	417	233
Total Home Program	<u>72,308</u>	<u>59,001</u>	<u>13,307</u>
Personnel Development:			
Salaries	700	700	-
Employee benefits	250	242	8
Purchased services	42,710	38,629	4,081
Supplies	500	86	414
Total Personnel Development	<u>44,160</u>	<u>39,657</u>	<u>4,503</u>
Early On Grant:			
Salaries	46,234	43,913	2,321
Insurance	10,408	9,415	993
Employee benefits	10,358	9,940	418
Purchased services	42,048	40,507	1,541
Supplies	6,420	2,380	4,040
Outgoing transfers	6,000	821	5,179
Total Early On Grant	<u>121,468</u>	<u>106,976</u>	<u>14,492</u>
Preprimary Class:			
Salaries	94,096	149,465	(55,369)
Insurance	41,322	62,913	(21,591)
Employee benefits	19,685	33,980	(14,295)
Purchased services	1,525	939	586
Teaching supplies	1,800	2,215	(415)
Capital outlay	-	-	-
Total Preprimary Class	<u>158,428</u>	<u>249,512</u>	<u>(91,084)</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION, (continued):			
Pre-school Incentive:			
Salaries	\$ 32,818	\$ 32,689	\$ 129
Insurance	14,866	15,079	(213)
Employee benefits	7,465	7,381	84
Supplies	-	-	-
Pre-school Incentive	<u>55,149</u>	<u>55,149</u>	<u>-</u>
TOTAL INSTRUCTION	<u>2,211,317</u>	<u>2,115,373</u>	<u>95,944</u>
SUPPORTING SERVICES:			
Pupil Services:			
Physical Therapists:			
Salaries	60,485	63,662	(3,177)
Insurance	14,618	14,889	(271)
Employee benefits	13,561	14,247	(686)
Purchased services	3,000	2,573	427
Supplies	1,700	258	1,442
Total Physical Therapists	<u>93,364</u>	<u>95,629</u>	<u>(2,265)</u>
Inclusion Consultant:			
Salaries	48,000	49,014	(1,014)
Insurance	8,730	11,443	(2,713)
Employee Benefits	10,929	10,985	(56)
Purchased services	2,300	2,317	(17)
Supplies	425	415	10
Total Inclusion Consultant	<u>70,384</u>	<u>74,174</u>	<u>(3,790)</u>
Psychologists:			
Salaries	293,984	288,199	5,785
Insurance	64,000	63,640	360
Employee benefits	65,777	64,912	865
Purchased services	9,500	7,172	2,328
Supplies	2,500	2,995	(495)
Capital outlay	2,000	1,725	275
Total Psychologists	<u>437,761</u>	<u>428,643</u>	<u>9,118</u>
Speech Therapists:			
Salaries	344,282	343,419	863
Insurance	88,150	88,147	3
Employee benefits	77,607	77,312	295
Purchased services	110,300	108,646	1,654
Supplies	7,665	6,899	766
Capital outlay	-	-	-
Total Speech Therapists	<u>628,004</u>	<u>624,423</u>	<u>3,581</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Pupil Services, (Continued):			
Occupational Therapists:			
Salaries	\$ 99,107	\$ 98,757	\$ 350
Insurance	27,735	25,119	2,616
Employee benefits	22,309	22,259	50
Purchased services	4,000	3,937	63
Supplies	1,600	1,599	1
Total Occupational Therapists	<u>154,751</u>	<u>151,671</u>	<u>3,080</u>
Social Workers:			
Salaries	234,581	229,497	5,084
Employee benefits	118,976	118,556	420
Purchased services	7,050	7,045	5
Supplies	3,275	3,262	13
Capital outlay	-	-	-
Total Social Workers	<u>363,882</u>	<u>358,360</u>	<u>5,522</u>
IDEA Transition Services			
Salaries	33,302	33,535	(233)
Insurance	7,264	7,264	-
Employee benefits	7,347	7,356	(9)
Purchased services	3,150	1,546	1,604
Supplies	9,777	11,140	(1,363)
Total IDEA Transition Services	<u>60,840</u>	<u>60,841</u>	<u>(1)</u>
Capacity Building Grant:			
Salaries	-	3,581	(3,581)
Employee benefits	-	809	(809)
Purchased services	9,000	2,735	6,265
Supplies	3,707	5,363	(1,656)
Capital outlay	-	219	(219)
Total Capacity Building Grant	<u>12,707</u>	<u>12,707</u>	<u>-</u>
B.E.S.T. Grant			
Salaries	1,500	1,500	-
Employee benefits	-	683	(683)
Purchased services	15,500	16,358	(858)
Supplies	3,000	6,460	(3,460)
Capital outlay	-	-	-
Total B.E.S.T. Grant	<u>20,000</u>	<u>25,001</u>	<u>(5,001)</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Pupil Services, (Continued):			
Emotionally Impaired			
Salaries	\$ 20,419	\$ 19,904	\$ 515
Insurance	7,605	7,597	8
Employee benefits	4,536	4,486	50
Purchased services	3,000	2,960	40
Supplies	650	495	155
Capital outlay	1,400	1,395	5
Total Emotionally Impaired	<u>37,610</u>	<u>36,837</u>	<u>773</u>
Teacher Consultant:			
Purchased services	-	-	-
Supplies	-	-	-
Total Teacher Consultant	<u>-</u>	<u>-</u>	<u>-</u>
Transition Counselor:			
Salaries	30,698	30,698	-
Insurance	14,310	14,309	1
Employee benefits	6,867	6,867	-
Purchased services	271	270	1
Supplies	1,197	3,398	(2,201)
Capital outlay	-	1,139	(1,139)
Total Transition Counselor	<u>53,343</u>	<u>56,681</u>	<u>(3,338)</u>
Total Pupil Services	<u>1,932,646</u>	<u>1,924,967</u>	<u>7,679</u>
Supervisory			
Salaries	179,152	179,152	-
Insurance	15,736	15,735	1
Employee benefits	38,310	38,309	1
Purchased services	2,735	2,725	10
Supplies	3,775	3,774	1
Total Supervisory	<u>239,708</u>	<u>239,695</u>	<u>13</u>
Monitor & Compliance:			
Salaries	52,369	40,873	11,496
Insurance	2,103	1,369	734
Employee benefits	11,783	8,599	3,184
Purchased services	3,000	3,953	(953)
Supplies	500	104	396
Total Monitor & Compliance	<u>69,755</u>	<u>54,898</u>	<u>14,857</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
School Nurse			
Salaries	\$ 38,169	\$ 33,829	\$ 4,340
Insurance	14,618	13,400	1,218
Employee benefits	8,691	7,613	1,078
Purchased services	600	585	15
Supplies	900	682	218
Total School Nurse	<u>62,978</u>	<u>56,109</u>	<u>6,869</u>
General Administration:			
Salaries	56,542	56,542	-
Insurance	24,329	24,238	91
Employee benefits	12,933	12,581	352
Purchased services	2,750	2,431	319
Total General Administration	<u>96,554</u>	<u>95,792</u>	<u>762</u>
Executive Administration:			
Salaries	188,687	191,488	(2,801)
Insurance	64,558	62,532	2,026
Employee benefits	43,243	42,033	1,210
Purchased services	69,120	65,971	3,149
Supplies	44,600	13,370	31,230
Capital outlay	15,000	15,303	(303)
Miscellaneous	71,700	35,786	35,914
Total School Administration	<u>496,908</u>	<u>426,483</u>	<u>70,425</u>
Operation & Maintenance:			
Salaries	63,443	62,209	1,234
Insurance	18,897	18,116	781
Employee benefits	17,776	15,862	1,914
Telephone	22,000	15,522	6,478
Utilities	27,500	27,701	(201)
Contracted services	6,500	2,502	3,998
Insurance	20,000	18,389	1,611
Repairs & maintenance	20,000	22,305	(2,305)
Custodial supplies	6,500	4,612	1,888
Capital outlay	8,000	9,878	(1,878)
Total Operation & Maintenance	<u>210,616</u>	<u>197,096</u>	<u>13,520</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF SPECIAL EDUCATION FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Pupil Transportation:			
Salaries	\$ 14,000	\$ 11,362	\$ 2,638
Employee benefits	225	33	192
Contracted services	67,500	65,607	1,893
Insurance	3,200	3,121	79
Repairs & maintenance	3,000	2,468	532
Gas, oil, & grease	1,900	1,645	255
Supplies	700	213	487
Capital outlay	-	-	-
Total Pupil Transportation	<u>90,525</u>	<u>84,449</u>	<u>6,076</u>
Staff Development Grant:			
Salaries	28,788	11,078	17,710
Insurance	-	-	-
Employee benefits	760	6,399	(5,639)
Purchased services	7,420	7,229	191
Supplies	12,825	13,966	(1,141)
Capital outlay	-	-	-
Total Staff Development Grant	<u>49,793</u>	<u>38,672</u>	<u>11,121</u>
IDEA			
Salaries	29,577	28,753	824
Employee benefits	6,436	6,279	157
Purchased services	5,200	5,135	65
Supplies	9,543	2,178	7,365
Capital outlay	-	4,045	(4,045)
Total IDEA	<u>50,756</u>	<u>46,390</u>	<u>4,366</u>
Other Business Services:			
Professional services	3,200	2,144	1,056
Technology fees	800	500	300
Tax cancellations	10,000	15,242	(5,242)
Total Other Business Services	<u>14,000</u>	<u>17,886</u>	<u>(3,886)</u>
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORTING SERVICES	<u>3,314,239</u>	<u>3,182,437</u>	<u>131,802</u>
TOTAL EXPENDITURES	<u>5,525,556</u>	<u>5,297,810</u>	<u>227,746</u>
TRANSFERS AND OTHER PAYMENTS:			
Transfers to other districts	1,414,300	1,327,973	86,327
Transfers to other funds	53,500	52,500	1,000
Physical Therapy	-	-	-
Outreach	34,649	34,649	-
Medicaid Billing	-	-	-
Service Coordination	137,635	137,633	2
IDEA	40,000	40,000	-
TOTAL TRANSFERS AND OTHER PAYMENTS	<u>1,680,084</u>	<u>1,592,755</u>	<u>87,329</u>
TOTAL EXPENDITURES, TRANSFERS AND OTHER PAYMENTS	<u>\$ 7,205,640</u>	<u>\$ 6,890,565</u>	<u>\$ 315,075</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**VOCATIONAL EDUCATION FUND -**  
**SCHEDULE OF REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE FROM LOCAL SOURCES:			
Property Taxes	\$ 1,798,047	\$ 1,796,713	\$ (1,334)
Industrial Facilities Tax	35,000	37,985	2,985
Interest on Investments	3,000	10,857	7,857
Interest on Delinquent Taxes	300	1,242	942
Tuition	15,000	9,735	(5,265)
Room Rentals	1,000	6,750	5,750
Insurance Transfer	3,000	3,016	16
Copy costs	-	-	-
Sale of Construction Technology Project	54,000	78,918	24,918
Miscellaneous	4,000	4,780	780
	<u>1,913,347</u>	<u>1,949,996</u>	<u>36,649</u>
TOTAL REVENUE FROM LOCAL SOURCES			
REVENUE FROM STATE SOURCES:			
State Aid	157,397	152,379	(5,018)
FICA Reimbursement	69,908	69,908	-
Retirement Reimbursement	78,832	78,832	-
CEPD Specialist	10,000	10,664	664
	<u>316,137</u>	<u>311,783</u>	<u>(4,354)</u>
TOTAL REVENUE FROM STATE SOURCES			
REVENUE FROM FEDERAL SOURCES:			
Tech Prep Grant	149,006	112,603	(36,403)
Special Needs Grant	66,025	64,542	(1,483)
Michigan Works	75,000	73,840	(1,160)
Entre. Grant	71,850	71,850	-
Staffing Grant	13,000	13,917	917
	<u>374,881</u>	<u>336,752</u>	<u>(38,129)</u>
REVENUE FROM FEDERAL SOURCES			
OTHER FINANCING SOURCES			
Transfers - Other Funds	34,000	33,000	(1,000)
Transfers - Other Districts	-	-	-
	<u>34,000</u>	<u>33,000</u>	<u>(1,000)</u>
TOTAL OTHER FINANCING SOURCES			
TOTAL VOCATIONAL EDUCATION REVENUE	<u>\$ 2,638,365</u>	<u>\$ 2,631,531</u>	<u>\$ (6,834)</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**VOCATIONAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION:			
Power Technology:			
Salaries	\$ 48,860	\$ 48,849	\$ 11
Employee benefits	10,739	10,956	(217)
Insurance	16,539	16,825	(286)
Purchased services	700	87	613
Supplies	11,270	11,180	90
Capital outlay	-	-	-
Total Power Technology	<u>88,108</u>	<u>87,897</u>	<u>211</u>
Marketing:			
Salaries	20,840	20,665	175
Employee benefits	4,733	4,550	183
Insurance	7,625	5,551	2,074
Purchased services	225	-	225
Supplies	2,525	1,641	884
Total Marketing	<u>35,948</u>	<u>32,407</u>	<u>3,541</u>
Allied Health Technology:			
Salaries	60,203	59,954	249
Employee benefits	13,709	13,499	210
Insurance	15,250	14,889	361
Purchased services	1,000	826	174
Supplies	3,445	3,443	2
Capital outlay	-	-	-
Total Allied Health Technology	<u>93,607</u>	<u>92,611</u>	<u>996</u>
Child and Adult Care			
Salaries	47,674	47,672	2
Employee benefits	10,709	10,709	-
Insurance	17,513	17,514	(1)
Purchased services	203	202	1
Supplies	2,215	2,214	1
Capital outlay	-	-	-
Total Child and Adult Care	<u>78,314</u>	<u>78,311</u>	<u>3</u>



**HURON INTERMEDIATE SCHOOL DISTRICT**  
**VOCATIONAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION, (Continued):			
Hospitality/Food Service:			
Salaries	\$ 51,544	\$ 50,691	\$ 853
Employee benefits	11,486	11,422	64
Insurance	30,037	25,398	4,639
Purchased services	115	108	7
Supplies	2,200	2,105	95
Capital outlay	2,750	2,621	129
Total Hospitality/Food Service:	<u>98,132</u>	<u>92,345</u>	<u>5,787</u>
BST/Accounting and Finance:			
Salaries	58,742	58,182	560
Employee benefits	24,902	24,371	531
Insurance	30,500	28,950	1,550
Purchased services	1,000	-	1,000
Supplies	6,100	5,295	805
Capital outlay	80,375	75,664	4,711
Total BST/Accounting and Finance	<u>201,619</u>	<u>192,462</u>	<u>9,157</u>
Auto Technology:			
Salaries	74,367	74,366	1
Employee benefits	16,734	16,734	-
Insurance	32,602	32,866	(264)
Purchased services	3,589	3,588	1
Supplies	4,447	5,350	(903)
Capital outlay	1,358	2,780	(1,422)
Total Auto Technology	<u>133,097</u>	<u>135,684</u>	<u>(2,587)</u>
Construction/Building Technology:			
Salaries	94,330	93,811	519
Employee benefits	21,467	21,017	450
Insurance	31,547	30,399	1,148
Purchased services	550	77	473
Supplies	23,264	22,541	723
Capital outlay	69,000	68,589	411
Total Construction/Building Technology	<u>240,158</u>	<u>236,434</u>	<u>3,724</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**VOCATIONAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION, (Continued):			
Drafting/Design Technology:			
Salaries	\$ 60,203	\$ 59,879	\$ 324
Employee benefits	13,709	13,424	285
Insurance	15,250	14,889	361
Purchased services	600	145	455
Supplies	2,000	1,535	465
Capital outlay	13,000	12,937	63
Total Drafting/Design Technology	<u>104,762</u>	<u>102,809</u>	<u>1,953</u>
Metal Machining:			
Salaries	57,703	57,552	151
Employee benefits	12,936	12,895	41
Insurance	16,100	16,078	22
Purchased services	210	156	54
Supplies	9,400	9,311	89
Capital outlay	12,050	12,031	19
Total Metal Machining	<u>108,399</u>	<u>108,023</u>	<u>376</u>
Cosmetology:			
Salaries	71,869	71,760	109
Employee benefits	16,238	16,168	70
Insurance	32,900	32,893	7
Purchased services	400	-	400
Supplies	3,763	3,607	156
Capital outlay	5,550	5,532	18
Total Cosmetology	<u>130,720</u>	<u>129,960</u>	<u>760</u>
TOTAL INSTRUCTION	<u>1,312,864</u>	<u>1,288,943</u>	<u>23,921</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**VOCATIONAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>SUPPORTING SERVICES:</b>			
Career Preparation:			
Salaries	\$ 56,692	\$ 56,691	\$ 1
Employee benefits	14,262	13,333	929
Insurance	2,638	2,345	293
Purchased services	19,231	19,224	7
Supplies	-	-	-
Capital outlay	-	-	-
Miscellaneous	-	-	-
Total Career Preparation	<u>92,823</u>	<u>91,593</u>	<u>1,230</u>
Business/Building Expense:			
Salaries	64,145	64,145	-
Employee benefits	14,601	14,294	307
Insurance	23,499	20,622	2,877
Purchased services	3,000	2,467	533
Total Business/Building Expense	<u>105,245</u>	<u>101,528</u>	<u>3,717</u>
Executive Administration:			
Salaries	109,519	109,103	416
Insurance	56,547	50,638	5,909
Purchased services	40,776	29,394	11,382
Supplies	4,750	4,545	205
Capital outlay	6,000	5,369	631
Miscellaneous	4,600	4,463	137
Total Executive Administration	<u>222,192</u>	<u>203,512</u>	<u>18,680</u>
Office of the Principal:			
Salaries	104,723	102,550	2,173
Employee benefits	23,135	22,963	172
Insurance	27,934	27,836	98
Purchased services	4,860	8,170	(3,310)
Supplies	16,250	15,756	494
Miscellaneous	810	810	-
Total Office of the Principal	<u>177,712</u>	<u>178,085</u>	<u>(373)</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**VOCATIONAL EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Student Services:			
Salaries	\$ 58,653	\$ 56,747	\$ 1,906
Employee benefits	13,394	12,775	619
Insurance	15,250	14,413	837
Purchased services	1,110	1,583	(473)
Supplies	-	-	-
Capital outlay	-	-	-
Miscellaneous	1,691	2,012	(321)
Total Student Services	<u>90,098</u>	<u>87,530</u>	<u>2,568</u>
Tech Prep Grant:			
Salaries	15,809	7,084	8,725
Employee benefits	1,050	580	470
Purchased services	15,403	15,102	301
Supplies	1,000	1,000	-
Capital outlay	-	-	-
Miscellaneous	96,995	96,995	-
Total Tech Prep Grant	<u>130,257</u>	<u>120,761</u>	<u>9,496</u>
Special Needs Support:			
Salaries	35,757	34,327	1,430
Employee benefits	8,144	7,807	337
Insurance	22,124	22,408	(284)
Purchased services	-	-	-
Supplies	-	-	-
Miscellaneous	-	-	-
Total Special Needs Support	<u>66,025</u>	<u>64,542</u>	<u>1,483</u>
Entre Grant			
Salaries	10,887	11,082	(195)
Employee benefits	2,590	2,442	148
Purchased services	25,818	25,763	55
Supplies	32,555	32,574	(19)
Miscellaneous	-	-	-
Total Entre Grant	<u>71,850</u>	<u>71,861</u>	<u>(11)</u>

**HURON INTERMEDIATE SCHOOL DISTRICT  
VOCATIONAL EDUCATION FUND  
SCHEDULE OF EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
Media Services:			
Salaries	\$ 95,154	\$ 93,244	\$ 1,910
Employee benefits	21,666	20,958	708
Insurance	35,024	33,886	1,138
Purchased services	6,300	5,454	846
Supplies	7,500	7,176	324
Capital outlay	500	-	500
Total Media Services	<u>166,144</u>	<u>160,718</u>	<u>5,426</u>
Operation & Maintenance:			
Salaries	98,503	96,069	2,434
Employee benefits	26,682	24,554	2,128
Insurance	41,336	39,555	1,781
Purchased services	171,100	147,476	23,624
Supplies	7,500	5,147	2,353
Capital outlay	9,000	8,969	31
Total Operation & Maintenance	<u>354,121</u>	<u>321,770</u>	<u>32,351</u>
Student Transportation			
Salaries	1,650	620	1,030
Employee benefits	210	157	53
Total Student Transportation	<u>1,860</u>	<u>777</u>	<u>1,083</u>
Other Program Expenses:			
Bonds	300	231	69
Building and Liability Insurance	20,400	20,311	89
Tax Abatement	5,000	6,224	(1,224)
Miscellaneous	1,000	-	1,000
Total Other Program Expenses	<u>26,700</u>	<u>26,766</u>	<u>(66)</u>
TOTAL SUPPORT SERVICES	<u>1,505,027</u>	<u>1,429,443</u>	<u>75,584</u>
TRANSFERS			
Transfers to other Districts	<u>38,000</u>	<u>37,925</u>	<u>75</u>
TOTAL EXPENDITURES	<u>\$ 2,855,891</u>	<u>\$ 2,756,311</u>	<u>\$ 99,580</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**ADULT EDUCATION FUND**  
**SCHEDULE OF REVENUE**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUE FROM LOCAL SOURCES:			
Tuition and Supplies	\$ 161,925	\$ 164,438	\$ 2,513
Enrichment Fees	13,295	13,555	260
Interest Income	10	7	(3)
GED Revenue	3,035	2,924	(111)
Community College Rent	-	-	-
Miscellaneous	700	2,642	1,942
	<u>178,965</u>	<u>183,566</u>	<u>4,601</u>
TOTAL REVENUE FROM LOCAL SOURCES			
REVENUE FROM STATE SOURCES:			
Michigan Works - Staffing Grant			-
Adult Members	15,889	15,935	46
Retirement	6,345	6,330	(15)
Alternative Education	14,941	18,693	3,752
FICA Reimbursement	3,635	3,619	(16)
Miscellaneous	-	30,056	30,056
	<u>40,810</u>	<u>74,633</u>	<u>33,823</u>
TOTAL REVENUE FROM STATE SOURCES			
REVENUE FROM FEDERAL SOURCES:			
Family Literacy	8,000	8,500	500
Strong Families & Safe Children	14,823	10,798	(4,025)
WIA Youth	81,873	33,570	(48,303)
Michigan Works - Staffing Grant	209,272	175,883	(33,389)
Strong Families & Safe Children	19,050	16,993	(2,057)
Shock Grant	93,750	93,750	-
Miscellaneous	-	-	-
	<u>426,768</u>	<u>339,494</u>	<u>(87,274)</u>
TOTAL REVENUE FROM FEDERAL SOURCES			
TOTAL REVENUE	<u>\$ 646,543</u>	<u>\$ 597,693</u>	<u>\$ (48,850)</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**ADULT EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>INSTRUCTION:</b>			
ABE Daytime:			
Salaries	\$ 2,036	\$ 5,711	\$ (3,675)
Employee benefits	464	1,285	(821)
Supplies & other	-	-	-
Total ABE Daytime	<u>2,500</u>	<u>6,996</u>	<u>(4,496)</u>
English I:			
Salaries	1,186	820	366
Employee benefits	270	161	-
Insurance	-	87	(87)
Supplies	-	234	-
Miscellaneous	-	245	(245)
Total English I	<u>1,456</u>	<u>1,547</u>	<u>35</u>
General Math I:			
Salaries	1,095	757	338
Employee benefits	249	149	-
Insurance	-	80	(80)
Supplies	-	216	-
Miscellaneous	-	226	(226)
Total General Math I	<u>1,344</u>	<u>1,428</u>	<u>32</u>
Pre-Algebra:			
Salaries	502	347	155
Employee benefits	114	68	-
Insurance	-	37	(37)
Supplies	-	99	-
Miscellaneous	-	104	(104)
Total Pre-Algebra	<u>616</u>	<u>655</u>	<u>15</u>
Life Skills:			
Salaries	521	360	161
Employee benefits	119	71	-
Insurance	-	38	(38)
Supplies	-	103	-
Miscellaneous	-	108	(108)
Total Life Skills	<u>640</u>	<u>680</u>	<u>15</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**ADULT EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION, (Continued):			
Science:			
Salaries	\$ 1,629	\$ 1,126	\$ 503
Employee benefits	371	222	-
Insurance	-	119	(119)
Supplies	-	322	-
Miscellaneous	-	337	(337)
Total Science	<u>2,000</u>	<u>2,125</u>	<u>48</u>
American Government:			
Salaries	1,368	946	423
Employee benefits	312	186	-
Insurance	-	100	(100)
Supplies	-	270	-
Miscellaneous	-	283	(283)
Total American Government	<u>1,680</u>	<u>1,785</u>	<u>40</u>
Office Occupations:			
Salaries	215	149	66
Employee benefits	49	29	-
Insurance	-	16	(16)
Supplies	-	42	-
Miscellaneous	-	44	(44)
Total Office Occupations	<u>264</u>	<u>281</u>	<u>6</u>
Adult Enrichment:			
Salaries	7,025	7,010	15
Employee benefits	1,575	1,553	22
Purchased services	7,150	7,008	142
Supplies	100	88	12
Total Adult Enrichment	<u>15,850</u>	<u>15,659</u>	<u>191</u>



**HURON INTERMEDIATE SCHOOL DISTRICT**  
**ADULT EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
INSTRUCTION, (Continued):			
GED:			
Salaries	\$ 9,216	\$ 7,272	\$ 1,944
Employee benefits	2,102	1,617	485
Purchased services	325	309	16
Supplies	2,875	1,567	1,308
Miscellaneous	175	46	129
Total GED	<u>14,693</u>	<u>10,811</u>	<u>3,882</u>
Alternative Education:			
Salaries	120,110	114,083	6,027
Employee benefits	27,317	25,695	1,622
Insurance	39,663	39,296	367
Purchased services	17,102	3,626	13,476
Supplies	3,200	3,189	11
Capital outlay	312	312	-
Miscellaneous	-	50	(50)
Total Alternative Education	<u>207,704</u>	<u>186,251</u>	<u>21,453</u>
TOTAL INSTRUCTION	<u>248,747</u>	<u>228,217</u>	<u>20,530</u>
SUPPORTING SERVICES:			
Administration:			
Salaries	18,975	17,860	1,115
Employee benefits	3,283	3,206	77
Insurance	5,342	5,341	1
Purchased services	460	453	7
Supplies	775	768	7
Capital outlay	2,685	2,685	-
Miscellaneous	3,195	2,917	278
Total Administration	<u>34,715</u>	<u>33,230</u>	<u>1,485</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**ADULT EDUCATION FUND**  
**SCHEDULE OF EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
SUPPORTING SERVICES, (Continued):			
FIA Counseling Grant:			
Salaries	\$ 21,472	\$ 21,796	\$ (324)
Employee benefits	12,215	12,348	(133)
Purchased services	186	186	-
Total FIA Counseling Grant	<u>33,873</u>	<u>34,330</u>	<u>(457)</u>
Shock Grant:			
Salaries	59,835	59,650	185
Employee benefits	13,627	13,443	184
Insurance	20,288	20,657	(369)
Purchased services	-	-	-
Supplies	-	-	-
Capital outlay	-	-	-
Total Shock Grant	<u>93,750</u>	<u>93,750</u>	<u>-</u>
Thumb Area Service Centers:			
Salaries	115,251	114,682	569
Employee benefits	26,244	25,649	595
Insurance	67,777	65,924	1,853
Purchased services	-	-	-
Total Thumb Area Service Centers	<u>209,272</u>	<u>206,255</u>	<u>3,017</u>
Career Pathway:			
Salaries	62,940	10,063	52,877
Employee benefits	2,733	2,043	690
Purchased services	13,602	14,971	(1,369)
Supplies	2,508	6,803	(4,295)
Capital outlay	-	-	-
Miscellaneous	-	-	-
Total Career Pathway	<u>81,783</u>	<u>33,880</u>	<u>47,903</u>
TOTAL SUPPORTING SERVICES	<u>453,393</u>	<u>401,445</u>	<u>51,948</u>
TOTAL EXPENDITURES	<u>\$ 702,140</u>	<u>\$ 629,662</u>	<u>\$ 72,478</u>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**ALL AGENCY FUNDS**  
**COMBINING SCHEDULE OF CHANGES IN**  
**ASSETS & LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2005**

	<b><u>BALANCE</u></b> <b><u>JULY 1, 2004</u></b>	<b><u>ADDITIONS</u></b>	<b><u>DEDUCTIONS</u></b>	<b><u>BALANCE</u></b> <b><u>JUNE 30, 2005</u></b>
<b><u>STUDENT ACTIVITY FUND</u></b>				
<b>ASSETS</b>				
Cash & cash equivalent investments	<b><u>\$      33,274</u></b>	<b><u>\$   163,773</u></b>	<b><u>\$   154,435</u></b>	<b><u>\$      42,612</u></b>
<b>LIABILITIES</b>				
Due to school groups	<b><u>\$      33,274</u></b>	<b><u>\$   163,773</u></b>	<b><u>\$   154,435</u></b>	<b><u>\$      42,612</u></b>

**HURON INTERMEDIATE SCHOOL DISTRICT**  
**SCHEDULE OF BONDED DEBT - DURANT BOND**  
June 30, 2005

\$594,168 Durant Bond issued November 24, 1998:

<b>PRINCIPAL DUE MAY 15</b>	<b>INTEREST DUE MAY 15</b>	<b>DEBT SERVICE REQUIREMENT FOR FISCAL YEAR</b>	
		<b>JUNE 30</b>	<b>AMOUNT</b>
\$ 28,759	\$ 12,964	2006	\$ 41,723
30,122	11,595	2007	41,717
138,871	58,024	2008	196,895
33,067	8,658	2009	41,725
34,640	7,083	2010	41,723
36,290	5,434	2011	41,724
38,015	3,706	2012	41,721
39,824	1,897	2013	41,721
<hr/>		<hr/>	
<b>\$ 379,588</b>	<b>\$ 109,361</b>		<b>\$ 488,949</b>

The above bond issue bears interest at 4.76%. The bond proceeds were used for erecting, furnishing and equipping additions to the existing school buildings and developing and improving the site.

This bond, including the interest hereon, is issued in anticipation of payments appropriated and to be appropriated by the State under Section 11g(3) of Act 94 to the School District (the "State Aid Payments"). The School District hereby pledges and assigns to the Authority all of its rights to and in such State Aid payments as security for this bond and the State Aid Payments which are hereby pledged shall be subject to a statutory lien in favor of the Authority as authorized by Act 94. This bond is a self-liquidating bond and is not a general obligation of the School District and does not constitute an indebtedness of the School District within any constitutional or statutory limitation, and is payable both as to principal and interest, solely from such State Aid Payments. The School District, as requested by the Authority, hereby irrevocably authorizes the payment of the State Aid Payments directly to the Authority's Depository.

**HURON INTERMEDIATE SCHOOL DISTRICT**

ADDITIONAL REPORTS REQUIRED  
BY OMB CIRCULAR A-133

YEAR ENDED JUNE 30, 2005

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# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



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Jerry J. Bernhardt, CPA  
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Jamie L. Peasley, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

October 25, 2005

To the Board of Education  
Huron Intermediate School District  
Bad Axe, MI 48413

We have audited the financial statements of Huron Intermediate School District as of and for the year ended June 30, 2005, and have issued our report thereon dated October 25, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Huron Intermediate School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Huron Intermediate School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS



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REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

October 25, 2005

To the Board of Education  
Huron Intermediate School District  
Bad Axe, MI 48413

**COMPLIANCE**

We have audited the compliance of Huron Intermediate School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Huron Intermediate School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Huron Intermediate School District's management. Our responsibility is to express an opinion on Huron Intermediate School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Huron Intermediate School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Huron Intermediate School District's compliance with those requirements.

In our opinion, Huron Intermediate School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.



To the Board of Education  
October 25, 2005

### **INTERNAL CONTROL OVER COMPLIANCE**

The management of Huron Intermediate School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Huron Intermediate School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Huron Intermediate School District as of and for the year ended June 30, 2005, and have issued our report thereon dated October 25, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Huron Intermediate School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

**HURON INTERMEDIATE SCHOOL DISTRICT, BAD AXE, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2004	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2005
Title V	84.298	0302500304	\$ 124	\$ 124	\$ 124	\$ 124	\$ -	\$ -
		0402500304	5,124	4,867	5,124	257	-	-
		0502500405	3,426	-	1,547	3,426	1,879	1,879
			8,674	4,991	6,795	3,683		1,879
Public Law 94-142 Flowthrough	84.027 *	0404500304	946,705	555,483	931,110	571,078	15,595	-
		0504500405	1,088,711	-	424,725	1,084,596	659,871	659,871
State Initiated		040480EO5D	35,000	7,686	35,000	7,686	-	-
		050480EO5D	35,000	-	35,000	35,000	-	-
		050490CB	12,707	-	6,438	12,707	6,269	6,269
		040490CB	16,258	9,245	16,258	9,245	-	-
		040490TS	60,000	26,972	60,000	26,972	-	-
		050490TS	60,000	-	51,380	60,000	8,620	8,620
			2,254,381	599,386	1,042,368	1,207,898	674,760	674,760
Preschool Incentive	84.173 *	0404600304	55,039	29,571	55,039	29,571	-	-
		0504600405	55,149	-	26,254	55,149	28,895	28,895
			110,188	29,571	55,039	55,825	55,149	28,895
Infant/Toddler	84.181	041340190	67,186	21,022	51,707	36,501	16,976	1,497
		031340190C	16,941	16,941	16,941	16,941	-	-
		051340190	68,505	-	31,623	54,011	22,388	22,388
			152,632	37,963	68,648	70,987	23,885	23,885
Curriculum Development Entrepreneurship Grant	84.048	04326050166	71,850			71,850	71,850	-
			71,850			71,850	71,850	-

U.S. DEPARTMENT OF EDUCATION:  
Passed through Michigan Dept. of Education:

**HURON INTERMEDIATE SCHOOL DISTRICT, BAD AXE, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2004	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2005
U.S. DEPARTMENT OF EDUCATION (Continued): Passed through Michigan Dept. of Education:								
Vocational Education	84.243							
Tech Prep		43540401411	\$ 149,006	\$ 149,006				\$ 149,006
Tech Prep		053540501411	131,647	-		\$ 56,242	\$ 131,647	75,405
Tech Prep		0335402711	148,500	-				-
Safe and Drug Free Schools	84.184							
Community Service Grant		0426000CS03	93,750		\$ 125,000	5,498	93,750	88,252
		03260000500CS	125,000	102,020		102,020		-
			647,903	251,026	125,000	163,760	225,397	312,663
Passes through Macomb Intermediate School District	84.027 *							
MI Integrated			9,750	(1,570)	3,305	4,875	6,445	-
MI Integrated			12,241			12,241	12,241	-
Passed through Lapeer Intermediate School District:								
Family Literacy Grant	84.002	511084	8,500	-		8,000	8,500	8,500
Family Literacy Grant		411083	8,000	8,000				-
Passed through Sanilac Intermediate School District:	84.048							
Special Needs		401211	66,025	66,025	66,025	66,025		-
Special Needs		501211	64,542			54,309	64,542	10,233
Passed through Tuscola Intermediate School District:								
Professional Development	84.027 *	050480	1,710	-		1,710	1,710	-
Passed through Marquette - Alger								
CSPD Grant	84.027 *	0504701D33	9,650	-			9,650	9,650
Passed through Grand Valley University:								
B.E.S.T. Practice Grant	84.027 *	4100626270	40,000	4,000	40,000	4,000		-
B.E.S.T. Practice Grant		0504903D51	25,000	-		25,000	25,000	-
RCN Autism	84.027 *	4100636271	31,000			31,000	31,000	-
Passed through Sanilac ISD:								
RCN Autism	84.027 *	4100630271	3,000			3,000	3,000	-
Passed through Saginaw ISD:								
Reading First	84.357	07183001238	14,479			6,804	14,479	7,675
			293,897	76,455	109,330	216,964	176,567	36,058
			3,539,525	999,392	1,405,376	1,732,783	1,811,531	1,078,140
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>								

\* = Cluster

The accompanying notes are an integral part of this schedule.

**HURON INTERMEDIATE SCHOOL DISTRICT, BAD AXE, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2004	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2005
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES:</b>								
Passed through Michigan Family Independence Agency:								
Strong Families/Safe Children	93.556	SFSC03-32008-3	\$ 14,823	\$ -		\$ 4,865	\$ 10,220	\$ 5,355
Strong Families/Safe Children		LASYM04-32003	1,995	-		1,995	1,995	-
Strong Families/Safe Children		SFSC02-32001-4	14,999	-		9,851	14,999	5,148
Strong Families/Safe Children		SFSC-02-32002-4	10,000	-		6,597	10,000	3,403
Strong Families/Safe Children		SFSC03-32008-2	18,638	2,240	\$ 18,060	2,818	578	-
Strong Families/Safe Children		SFSC02-32001-3	15,445	1,934	15,445	1,934		-
Total Passed Through Michigan Family Independence Agency			75,900	4,174	33,505	28,060	37,792	13,906
Passed through Michigan Department of Social Services:								
Medicaid	93.778		9,840			9,840	9,840	-
Transportation - School Based Services								
Medicaid	93.558		63,567			63,567	63,567	-
Outreach			149,307	4,174	33,505	101,467	111,199	13,906
<b>TOTAL U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>								

The accompanying notes are an integral part of this schedule.

**HURON INTERMEDIATE SCHOOL DISTRICT, BAD AXE, MICHIGAN**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH GRANTOR'S NUMBER	AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE 6/30/2004	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR RECEIPTS	CURRENT YEAR EXPENDITURES	ACCRUED (DEFERRED) REVENUE 6/30/2005
U.S. DEPARTMENT OF LABOR:								
Passed through Thumb Area Michigan Works:								
WIA Youth Career Pathways	17.259	**	\$ 50,000	\$ -	\$ -	\$ 10,000	\$ 12,400	\$ 2,400
WIA Youth Career Pathways		TAMW	42,238	6,093	21,093	34,424	21,170	(7,161)
Temporary Assistance	93.558		36,016			27,548	36,016	8,468
Reed Act	UNKNOWN		35,889			27,451	35,889	8,438
Wagner Peyser	17.207		55,898	-		42,756	55,898	13,142
WIA Adult	17.258	**	39,436	-		30,164	39,436	9,272
WIA Youth	17.259	**	10,111	-		10,111	10,111	-
Dislocated Worker	17.260		18,358	-		18,358	18,358	-
Reed Act	UNKNOWN		83,517	17,255	83,517	17,255	80,992	12,633
WIA Youth Pathways	17.259	**	80,992	-		68,359		-
WIA Adult	17.258	**	67,614	14,015	67,614	14,015		-
WIA Youth	17.259	**	90,035	18,670	90,035	18,670		-
Dislocated Worker	17.260	**	43,212	8,950	43,212	8,950		-
TOTAL U.S. DEPARTMENT OF LABOR			653,316	64,983	305,471	328,061	310,270	47,192
GRAND TOTAL			\$ 4,342,148	\$ 1,068,549	\$ 1,744,352	\$ 2,162,311	\$ 2,233,000	\$ 1,139,238

\*\* = Cluster

The accompanying notes are an integral part of this schedule.

**HURON INTERMEDIATE SCHOOL DISTRICT, BAD AXE, MICHIGAN**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

<u>PASS-THROUGH GRANTEE</u>	<u>CFDA NUMBER</u>	<u>STATE PASS-THROUGH NUMBER</u>	<u>CURRENT YEAR PASS-THROUGH</u>
<u>STATE INITIATED/COMPETITIVE TRANSITION GRANT:</u>	84.027	050490/TS	
Bad Axe			\$ 500
Caseville			500
Elkton-Pigeon-Bay Port			1,335
Harbor Beach			1,442
North Huron			500
Port Hope			500
Ubly			1,500
			<u>\$ 6,277</u>
<u>VOCATIONAL ED TECH PREP:</u>	84.243	053540501411	
Lapeer Intermediate			\$ 35,455
Sanilac Intermediate			25,684
Tuscola Intermediate			33,856
			<u>\$ 94,995</u>
<u>IDEA HANDICAPPED PRESCHOOL &amp; SCHOOL PROGRAM:</u>	84.027	050450/0405	
Bad Axe			\$ 5,000
Caseville			5,000
Elkton-Pigeon-Bay Port			5,000
Harbor Beach			5,000
North Huron			5,000
Owendale-Gagetown			5,000
Port Hope			5,000
Ubly			5,000
			<u>\$ 40,000</u>
<u>ENTREPRENEURSHIP GRANT</u>	84.048	04326050166	
Lapeer Intermediate			\$ 2,848
Sanilac Intermediate			18,198
Tuscola Intermediate			17,138
			<u>\$ 38,184</u>
<u>MEDICAID OUTREACH</u>	93.558		
Bad Axe			\$ 8,975
Caseville			1,816
Harbor Beach			4,476
Elkton-Pigeon-Bay Port			9,019
North Huron			3,089
Owendale-Gagetown			637
Port Hope			1,069
Ubly			5,568
			<u>\$ 34,649</u>

**HURON INTERMEDIATE SCHOOL DISTRICT, BAD AXE, MICHIGAN**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Huron Intermediate School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. IDEA 94-142, CFDA #84.027 & 84.173 was audited as a major program and represent 60.6% of expenditures.
2. The threshold for distinguishing Type A and B programs was \$300,000.
3. Expenditures on this schedule reconcile with amounts reported in the financial statements and financial reports submitted to the Michigan Department of Education.
4. Management has utilized the R7120, Grant Section Auditors' Report, in preparing the schedule of expenditures of federal awards.
5. The amounts reported on the Receipt Entitlement Balance Report agree with this schedule for USDA donated food commodities.

**NOTE 3 – RECONCILIATION OF FEDERAL REVENUE**

The current year expenditures on the Schedule of Expenditures of Federal Awards agrees to the federal revenue reported in the financial statements, as follows:

Federal revenue per financial statements	\$1,838,037
Plus: Revenues recorded as deferred revenue-	
Doesn't meet accrual criteria:	
Special Ed - Early On	22,389
Special Ed – 94-142	353,530
Vocational Ed – Tech Prep	<u>19,044</u>
Reconciled financial statement balance	\$2,233,000
Federal expenditures per Schedule of Federal Awards	\$2,233,000

**HURON INTERMEDIATE SCHOOL DISTRICT, BAD AXE, MICHIGAN**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2005**

**Section I – Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: *Unqualified*

- Material weakness(es) identified: \_\_\_\_\_ Yes      X   No
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified: \_\_\_\_\_ Yes      X   No
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes      X   None reported

Type of auditor's report issued on compliance for major programs: *Unqualified*

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes      X   No

Identification of major programs:

**CFDA Number(s)**  
84.027 & 84.173 Cluster

**Name of Federal Program or Cluster**  
IDEA 94-142 Program

Dollar threshold used to distinguish between type A and Type B Programs: \$300,000

Auditee qualified as low-risk auditee?   X   Yes    \_\_\_\_\_ No

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None



**HURON INTERMEDIATE SCHOOL DISTRICT, BAD AXE, MICHIGAN**  
**SCHEDULE OF PRIOR AUDIT FINDINGS**

NONE

# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants



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Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA

Robert L. Tuckey, CPA  
Valerie Jamieson Hartel, CPA  
Jamie L. Peasley, CPA

October 25, 2005

To the Board of Education  
Huron Intermediate School District  
Bad Axe, Michigan

In planning and performing our audit of the general purpose financial statements of Huron Intermediate School District for the year ended June 30, 2005, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The comments and suggestions regarding those matters follow. This letter does not affect our report dated October 25, 2005 on the financial statements of Huron Intermediate School District.

## **Old Outstanding Checks**

During our test work, we noted that the District had several checking accounts with outstanding checks that were over one year old. State law requires that when these checks are written off they be transferred to the Escheats Division of the Department of Treasury. We recommend that all accounts be reviewed for old outstanding checks and that all checks over one year be written off and sent to the Escheats Division of the Treasury Department.

## **New Rules For §403(B) Plans**

Proposed regulations were issued last year that require a written plan document for §403(b) plans. The plan must contain all the material terms and conditions for eligibility, benefits, contribution limitations, the annuity contracts or accounts available or used under the plan for funding, and the time and form under which benefit payments will be made. There is no requirement that a single document must be used. This rule applies for tax years beginning after 2005 to assure you comply.

**Increase Fidelity Insurance Coverage**

We recommend that the District review their fidelity insurance and consider increasing the insurance coverage. The District currently has \$100,000 of coverage on its key employees. Given the size of the District's operations and the amounts of money that are frequently involved in individual transactions, a higher level of insurance protection should be considered. We believe that this type of protection is a relatively inexpensive way of safeguarding the District's assets from theft or misappropriation.

**Federal Fund Requests**

As part of our compliance audit of the various federal projects, we review the District's cash management procedures to determine that the District is requesting its federal funds in a timely manner. Federal regulations prohibit requesting funds more than 30 days in advance of when the money will be spent. We noted no instances where money was requested too quickly; however, we would like to point out that at June 30, 2005, the District was owed in excess of \$1.1 million dollars in federal funds indicating that the District is not requesting funds quickly enough. We recommend the District request its funds in a more timely fashion to improve its cash flow and also enhance its investment income.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various schools district personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Huron Intermediate School District, management and others within the administration and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS